

CITY OF NORTH ADAMS, MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2010

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Independent Auditor's Report

To the Honorable Mayor
City of North Adams, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of and for the fiscal year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Adams, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


The financial statements of the North Adams Contributory Retirement System have not been audited and we were not engaged to audit the North Adams Contributory Retirement System as part of the audit of the City's basic financial statements. The North Adams Contributory Retirement System financial activities are included in the City's financial statements as a blended component unit in the fiduciary funds and represent 99.2 percent and 99.9 percent of the net assets and revenues, respectively, of the City's aggregate fiduciary funds.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the North Adams Contributory Retirement System's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 31, 2011 on our consideration of the City of North Adams, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, appearing on pages 3 through 10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Adams, Massachusetts's financial statements as a whole. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Scanlon & Associates, LLC
South Deerfield, Massachusetts

January 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of North Adams, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

- The City's assets exceeded its liabilities by \$68,496,770 (net assets) for the fiscal year reported. This represents a \$2,829,598 decrease over last year's net assets.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$66,290,914 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$2,915,723 are restricted by constraints imposed from outside the City such as grantors, vendors, laws or regulations.
 - (3) Unrestricted net assets of \$(709,867) represent a portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's total governmental funds reported ending fund balance of \$2,394,393 this year. This compares to the prior year ending fund balance of \$3,257,651 showing a decrease of \$863,258 during the current year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$503,625, or 1.15% of total General Fund expenditures including transfers and 1.17% of total General Fund revenues including transfers and sale of tax foreclosure property.
- Total liabilities of the City increased by \$3,921,244 to \$28,323,099 during the fiscal year. This was primarily from recognizing the OPEB liability for fiscal year 2010 of \$3,448,281.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Adams' basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, airport, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, interest, and state assessments. The City does not have any functions classified as business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of North Adams adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains one type of proprietary fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for risk-financing activities related to active employees and retirees health insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

STATEMENT OF NET ASSETS

	Governmental Activities
	2010
Assets:	
Current assets	\$ 14,369,623
Noncurrent assets (excluding capital assets)	4,049,997
Capital assets	78,400,249
Total assets	96,819,869
Liabilities:	
Current liabilities (excluding debt)	4,097,075
Noncurrent liabilities (excluding debt)	298,558
OPEB Obligation Payable	6,947,225
Current debt	5,137,976
Noncurrent debt	11,842,265
Total liabilities	28,323,099
Net Assets:	
Capital assets net of related debt	66,290,914
Restricted	2,915,723
Unrestricted	(709,867)
Total net assets	68,496,770

STATEMENT OF ACTIVITIES

	Governmental Activities
	2010
Program Revenues:	
Charges for services	\$ 5,890,661
Operating grants and contributions	26,284,998
Capital grants and contributions	2,081,995
General Revenues:	
Property taxes	11,450,514
Motor vehicle and other taxes	950,872
Hotel room occupancy taxes	152,559
Penalties and interest on taxes	177,018
Nonrestricted grants and contributions	3,840,919
Unrestricted investment income	84,573
Miscellaneous	8,543
Gain on Sale of Tax Foreclosures	54,052
Total revenues	50,976,704
Expenses:	
General government	2,675,554
Airport	31,420
Public safety	3,830,043
Public works	6,163,042
Education	22,260,502
Health and human services	648,077
Culture and recreation	1,255,406
Employee benefits and insurance	13,558,117
State assessments	2,652,068
Interest	732,073
Total expenses	53,806,302
Change in net assets	(2,829,598)
Net assets - beginning of year, as restated	71,326,368
Net assets - end of year	\$ 68,496,770

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$68,496,770 at the close of FY 2010.

Net assets of \$66,290,914 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$2,915,723 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$(709,867) may be used to meet the government's ongoing obligations to

citizens and creditors. The unrestricted governmental activities resulted in a negative balance of \$(709,867) as a result of the accrual of the OPEB liability obligation that is required under GASB to be recognized in the City's financial statements. The liability for OPEB as presented on the statement of net assets is \$6,947,225.

The governmental activities net assets decreased by \$2,829,598 during current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to the accrual of the OPEB liability for \$6,947,225.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$2,394,393. Of this year-end total, \$503,625 is the undesignated fund balance for the General Fund, indicating availability for continuing City service requirements. Reserved fund balances in the General Fund include \$303,202 committed to liquidate encumbrances and carried forward articles remaining from the prior year and \$90,000 reserved for the subsequent years budget. Unreserved fund balances include \$4,305,571 in the special revenue funds, (\$3,193,254) in capital projects funds and \$385,249 in permanent funds. The capital projects fund balance is in deficit because the City has not permanently borrowed for various projects. The City has \$3,351,665 in bond anticipation notes outstanding at the year-end.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$2,394,393, a decrease of \$863,258 in comparison with the prior year. This was primarily the result of expenditures exceeding revenues by \$1,620,711, sale of tax foreclosures of \$82,452 and bond and note proceeds of \$675,001.

Major Governmental Funds

The *general fund* is the City's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, unreserved/undesignated fund balance of the general fund was \$503,625, while total fund balance reached \$896,827. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and revenues and transfers. Unreserved/undesignated fund balance represents 1.15% of total general fund expenditures including transfers and total fund balance represents 2.05% of that same amount. Unreserved/undesignated fund balance represents 1.17% of total general fund revenues including transfers and sale of tax foreclosure property and total fund balance represents 2.08% of that same amount.

The fund balance of the general fund decreased by \$670,408. This decrease was primarily generated by expenditures exceeding revenues by \$2,100,867, net transfers out to the non-major governmental funds of \$350,318, transfers in from sale of land of \$1,100,000, and from non-major funds of 598,325, and sale of tax foreclosure property of \$82,452.

The *sale of land fund* has accumulated a fund balance of \$1,227,346, or 2.80% of total General Fund expenditures including transfers and 2.85% of total general fund revenues including transfers and sale of tax foreclosure property. These funds can be used for City purposes, subject to certain limitations within MGL, upon City Council approval. The fund balance of the sale of land decreased \$1,100,000. The City utilizing the funds to subsidize the operating and capital budget generated this decrease.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Internal Service Funds

The activity of the internal service funds represents the following:

The *health insurance claims fund* is for the Town's health insurance. The fund has accumulated a fund balance of \$688,116. The fund shows an increase of \$508,576 in total operations, the result of operating revenues of \$6,084,545, operating expenditures of \$5,579,233 and interest income of \$3,264.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2010 was \$39,833,540. There was an increase between the original budget and the final amended budget of \$215,043. The increase was attributed to the City amending various line items in the City's operating budgets for reductions and increases based on departments needs.

There are negative variances in several of the City's estimated revenues. A major contributor to this was the economic downturn in the economy.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2010 amounts to \$78,400,249.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Airport Project Improvements \$1,548,614.
- Notre Dame Improvements \$102,465
- Armory Improvements \$171,365.

- Mohawk theatre Improvements \$150,013.
- Skating Rink Improvements \$325,047.
- Public Roadways Improvements \$546,313
- Downtown Streetscape \$198,183.
- Public Safety Systems \$586,048.
- Departmental Vehicle \$81,273

Debt. The City's governmental outstanding long-term debt, as of June 30, 2010, totaled \$13,628,576, of which \$10,904,576 is for municipal purpose loans and \$2,724,000 for Intergovernmental Loan-Section 108 HUD.

Please refer to notes 3C, 3E, and 3F for further discussion of the major capital assets and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of North Adams' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 10 Main Street, North Adams, Massachusetts, 01247.

BASIC FINANCIAL STATEMENTS

CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 7,673,216
Investments	301,982
Receivables, net of allowance for uncollectibles:	
Property Taxes	340,589
Tax Liens	1,130,638
Excise Taxes	169,037
User Charges	377,106
Departmental	87,276
Other	156,149
Loans	346,545
Due from Other Governments	3,130,782
Tax Foreclosures	656,303
Total current assets	<u>14,369,623</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Loans	2,514,000
Due from Other Governments	1,535,997
Capital Assets, net of accumulated Depreciation	
Nondepreciable	25,200,988
Depreciable	53,199,261
Total noncurrent assets	<u>82,450,246</u>
Total Assets	<u><u>96,819,869</u></u>
LIABILITIES	
CURRENT:	
Warrants Payable	746,904
Accounts Payable	958,869
Accrued Payroll	1,209,714
Payroll Withholdings	153,624
Accrued Interest	292,442
Accrued Claims	324,412
Other	37,587
Compensated Absences	373,523
Bond Anticipation Note Payable	3,351,665
Intergovernmental - Loan Payable	210,000
Bonds Payable	1,576,311
Total current liabilities	<u>9,235,051</u>
NONCURRENT:	
Compensated Absences	298,558
OPEB Obligation Payable	6,947,225
Intergovernmental - Loan Payable	2,514,000
Bonds Payable	9,328,265
Total noncurrent liabilities	<u>19,088,048</u>
Total Liabilities	<u><u>28,323,099</u></u>
NET ASSETS:	
Invested in Capital Assets, net of related debt	66,290,914
Restricted for:	
Capital Projects	158,411
Loans	78,796
Federal & State Grants	1,399,033
Permanent Funds	385,249
Other Purposes	894,234
Unrestricted	(709,867)
Total Net Assets	<u><u>\$ 68,496,770</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 2,675,554	\$ 316,260	\$ 914,398	\$ -	\$ (1,444,896)
Airport	31,420	43,717	317	1,426,458	1,439,072
Public Safety	3,830,043	390,505	721,113	-	(2,718,425)
Public Works	6,163,042	3,166,376	41,801	426,699	(2,528,166)
Education	22,260,502	1,381,531	19,375,858	-	(1,503,113)
Health and Human Services	648,077	155,902	231,018	-	(261,157)
Culture and Recreation	1,255,406	436,370	110,486	228,838	(479,712)
Employee Benefits and Insurance	13,558,117	-	4,553,612	-	(9,004,505)
State Assessments	2,652,068	-	-	-	(2,652,068)
Interest	732,073	-	336,395	-	(395,678)
Total Primary Government	\$ 53,806,302	\$ 5,890,661	\$ 26,284,998	\$ 2,081,995	\$ (19,548,648)
General Revenues:					
Property Taxes					11,450,514
Motor vehicle and other taxes					950,872
Hotel room occupancy taxes					152,559
Penalties & Interest on Taxes					177,018
Grants & Contributions not restricted to specific programs					3,840,919
Unrestricted Investment Income					84,573
Miscellaneous					8,543
Gain on Sale of Tax Foreclosures					54,052
Total General Revenues					16,719,050
					(2,829,598)
Change in Net Assets					
Net Assets:					
Beginning of year (as restated)					71,326,368
End of year					\$ 68,496,770

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Sale of Land Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,633,555	\$ 1,227,346	\$ 2,955,936	\$ 6,816,837
Investments	-	-	301,982	301,982
Receivables, net of allowance for uncollectibles:				
Property Taxes	340,589	-	-	340,589
Tax Liens	1,130,638	-	-	1,130,638
Excise Taxes	169,037	-	-	169,037
User Charges	377,106	-	-	377,106
Departmental	39,765	-	47,511	87,276
Loans	-	-	2,802,796	2,802,796
Due from Other Governments	2,079,280	-	2,241,886	4,321,166
Tax Foreclosures	656,303	-	-	656,303
Total Assets	\$ 7,426,273	\$ 1,227,346	\$ 8,350,111	\$ 17,003,730
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Warrants Payable	\$ 398,335	\$ -	\$ 348,569	\$ 746,904
Accounts Payable	62,131	-	896,738	958,869
Accrued Payroll	1,209,714	-	-	1,209,714
Employee Withholdings	153,624	-	-	153,624
Other	37,587	-	-	37,587
Deferred Revenue:				
Property Taxes	289,389	-	-	289,389
Other	4,378,666	-	3,482,919	7,861,585
Bond Anticipation Note Payable	-	-	3,351,665	3,351,665
Total Liabilities	6,529,446	-	8,079,891	14,609,337
Fund Balance:				
Reserved For:				
Encumbrances and continuing appropriations	303,202	-	-	303,202
Unreserved:				
Designated for Subsequent Years' Expenditures	90,000	-	-	90,000
Undesignated, reported in:				
General Fund	503,625	-	-	503,625
Special Revenue	-	1,227,346	3,078,225	4,305,571
Capital Projects	-	-	(3,193,254)	(3,193,254)
Permanent Funds	-	-	385,249	385,249
Total Fund Balance	896,827	1,227,346	270,220	2,394,393
Total Liabilities and Fund Balance	\$ 7,426,273	\$ 1,227,346	\$ 8,350,111	\$ 17,003,730

The Notes to the Financial Statements are an integral part of this Statement.

CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Sale of Land Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 11,416,023	\$ -	\$ -	\$ 11,416,023
Intergovernmental	19,547,840	-	9,117,312	28,665,152
Excise and Other Taxes	1,119,845	-	-	1,119,845
Charges for Services - User Charges	3,042,506	-	1,283,083	4,325,589
Licenses, Permits, Fees	1,634,793	-	-	1,634,793
Other	31,147	-	155,641	186,788
Interest on Delinquent Taxes	177,018	-	-	177,018
Interest on Investments	81,308	-	44,948	126,256
Intergovernmental - "On-behalf" Payments	4,214,414	-	-	4,214,414
Total Revenues	41,264,894	-	10,600,984	51,865,878
Expenditures:				
Current:				
General Government	1,948,279	-	920,348	2,868,627
Airport	-	-	1,580,034	1,580,034
Public Safety	3,283,937	-	1,058,756	4,342,693
Public Works	4,408,947	-	539,276	4,948,223
Education	16,379,572	-	5,022,607	21,402,179
Health and Human Services	605,324	-	42,753	648,077
Culture and Recreation	595,050	-	604,445	1,199,495
Employee Benefits and Insurance	10,615,148	-	-	10,615,148
State Assessments	2,652,068	-	-	2,652,068
Debt Service:				
Principal	2,226,650	-	210,000	2,436,650
Interest	650,786	-	142,609	793,395
Total Expenditures	43,365,761	-	10,120,828	53,486,589
Excess of Revenues Over (Under) Expenditures	(2,100,867)	-	480,156	(1,620,711)
Other Financing Sources (Uses):				
Operating Transfers In	1,698,325	-	350,318	2,048,643
Operating Transfers Out	(350,318)	(1,100,000)	(598,325)	(2,048,643)
Sale of Tax Foreclosure Property	82,452	-	-	82,452
Proceeds from Bonds and Notes	-	-	675,001	675,001
Total Other Financing Sources (Uses)	1,430,459	(1,100,000)	426,994	757,453
Net Change in Fund Balances	(670,408)	(1,100,000)	907,150	(863,258)
Fund Balances, Beginning of Year (as restated)	1,567,235	2,327,346	(636,930)	3,257,651
Fund Balances, End of Year	\$ 896,827	\$ 1,227,346	\$ 270,220	\$ 2,394,393

The Notes to the Financial Statements are an integral part of this Statement.

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets
For the Year Ended June 30, 2010

Total Governmental Fund Balances		\$ 2,394,393
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		78,400,249
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		8,554,336
Internal Service funds are used by management to account for Health Insurance activities. The assets and liabilities of the Internal Service funds are included in the Governmental activities in the Statement of Net Assets.		688,116
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds Payable	\$ (10,904,576)	
Intergovernmental Loan Payable	(2,724,000)	
Other Post Employment Benefits Payable	(6,947,225)	
Compensated Absences	(672,081)	(21,247,882)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		(292,442)
Net Assets of Governmental Activities		<u><u>\$ 68,496,770</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds **\$ (863,258)**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay Purchases	\$ 3,709,320	
Depreciation	<u>(3,561,360)</u>	147,960

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue, WPAT principal subsidy and Mass MoCA Receivable.

(974,890)

The Issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Repayment of Debt Principal	2,436,649	
Proceeds from Notes	<u>(675,001)</u>	1,761,648

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(22,676)	
Net Change in Other Post Employment Benefits	(3,448,281)	
Net Change in Accrued Interest on Long-Term Debt	<u>61,323</u>	(3,409,634)

Internal Service funds are used by management to account for Health Insurance activities.

The net activity of Internal Service Funds is reported with Governmental Activities		<u>508,576</u>
---	--	----------------

Change in Net Assets of Governmental Activities **\$ (2,829,598)**

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original	Final	Budgetary	Carried	Final Budget
	Budget	Budget	Basis	Forward	Positive
				to Next Year	(Negative)
Revenues:					
Property Taxes	\$ 13,083,722	\$ 11,400,165	\$ 11,456,599	\$ -	\$ 56,434
Intergovernmental	19,710,935	19,710,935	19,547,840	-	(163,095)
Excise and Other Taxes	1,152,554	1,152,554	1,119,845	-	(32,709)
Charges for Services - User Charges	3,109,221	3,109,221	3,042,506	-	(66,715)
Licenses, Permits, Fees	1,442,275	1,442,275	1,634,793	-	192,518
Other	209,104	209,104	31,147	-	(177,957)
Interest on Delinquent Taxes	109,398	109,398	177,018	-	67,620
Interest on Investments	142,709	142,709	81,308	-	(61,401)
Total Revenues	38,959,918	37,276,361	37,091,056	-	(185,305)
Expenditures:					
Current:					
General Government	2,311,816	2,213,770	1,948,279	99,655	165,836
Public Safety	3,343,763	3,323,378	3,283,937	165	39,276
Public Works	4,675,087	4,590,587	4,408,947	-	181,640
Education	16,548,254	16,683,254	16,379,572	292,250	11,432
Health and Human Services	448,409	673,209	605,324	-	67,885
Culture and Recreation	670,337	670,337	595,050	1,132	74,155
Employee Benefits and Insurance	5,770,375	5,828,549	6,490,472	-	(661,923)
State Assessments	2,995,500	2,995,500	2,652,068	-	343,432
Debt Service:					
Principal	2,185,573	2,185,573	2,185,573	-	-
Interest	669,383	669,383	602,125	-	67,258
Total Expenditures	39,618,497	39,833,540	39,151,347	393,202	288,991
Excess of Revenues Over					
(Under) Expenditures	(658,579)	(2,557,179)	(2,060,291)	(393,202)	103,686
Other Financing Sources (Uses):					
Operating Transfers In (Out)	-	1,300,870	1,348,007	-	47,137
Sale of Tax Foreclosure Property	-	-	82,452	-	82,452
Total Other Financing Sources (Uses)	-	1,300,870	1,430,459	-	129,589
Excess (Deficiency) of Revenues and Other					
Financing Sources Over Expenditures and					
Other Financing Uses	(658,579)	(1,256,309)	(629,832)	(393,202)	233,275
Budgetary Fund Balance - Beginning of Year	1,475,460	1,475,460	1,475,460	-	-
Budgetary Fund Balance - End of Year	\$ 816,881	\$ 219,151	\$ 845,628	\$ (393,202)	\$ 233,275

The Notes to the Financial Statements are an integral part of this Statement.

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 37,091,056	\$ 39,151,347
Net Decrease in Revenue from recording 60-Day Receipts	(40,576)	
Recognition of intergovernmental Revenue - "on behalf payments"	4,214,414	
Recognition of Expenditures - "on behalf payments"		4,214,414
Reported on a GAAP Basis	<u>\$ 41,264,894</u>	<u>\$ 43,365,761</u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010**

	Governmental Activities - Internal Service Fund
	<hr/>
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 856,379
Other Accounts Receivable	156,149
Total Assets	<hr/> 1,012,528 <hr/>
LIABILITIES	
CURRENT:	
Accrued Claims	324,412
Total Liabilities	<hr/> 324,412 <hr/>
NET ASSETS:	
Unrestricted	688,116
Total Net Assets	<hr/> \$ 688,116 <hr/>

The Notes to the Financial Statements are an integral part of this Statement

**CITY OF NORTH ADAMS, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Employer Contributions	\$ 4,125,000
Employee Contributions	1,508,928
Other	450,617
Total Operating Revenues	<u>6,084,545</u>
Operating Expenses:	
Employee Benefits & Insurance	5,579,233
Total Operating Expenses	<u>5,579,233</u>
Operating Income (Loss)	<u>505,312</u>
Non-Operating Revenues (Expenses):	
Interest Income	3,264
Total Non-Operating Revenues (Expenses)	<u>3,264</u>
Change in Net Assets	508,576
Net Assets at Beginning of Year	<u>179,540</u>
Net Assets at End of Year	<u><u>\$ 688,116</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Receipts from Interfund Services Provided	\$ 5,633,928
Receipts from Other Revenues	294,467
Payments for Health Claims and Insurance	<u>(5,424,508)</u>
Net Cash Provided by (Used for) Operating Activities	<u>503,887</u>
Cash Flows from Investing Activities:	
Investment Income	<u>3,264</u>
Net Cash Provided by (Used for) Investing Activities	<u>3,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	507,151
Cash and Cash Equivalents at Beginning of Year	<u>349,228</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 856,379</u></u>

**Reconciliation of Operating Income (Loss) to
 Net Cash Provided by (Used For) Operating Activities:**

Operating Income (Loss)	\$ 505,312
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Accrued Claims	154,724
Decrease (Increase) in Other Accounts Receivable	<u>(156,149)</u>
Total Adjustments	<u>(1,425)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 503,887</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

	(UNAUDITED)		
	North Adams		
	Employees		
	Retirement		
	System Pension		
	Trust Fund	Private	Agency
	(as of December	Purpose	Funds
	31, 2009)	Trust Funds	
ASSETS			
Cash and Cash Equivalents	\$ 125,912	\$ 276,762	\$ 128,946
Investments	36,301,379	-	-
Accrued Interest and Dividends	124,713	-	-
Accounts Receivable	100,964	-	-
Total Assets	36,652,968	276,762	128,946
LIABILITIES			
Warrants Payable	14,714	-	-
Due to Others	-	-	1,452
Due to Student Groups	-	-	118,850
Deposits and Escrows	-	-	8,644
Total Liabilities	14,714	-	128,946
NET ASSETS:			
Held in Trust for Pension Benefits and Other Purposes	\$ 36,638,254	\$ 276,762	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTH ADAMS, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	(UNAUDITED)	
	North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2009)	
		Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 2,206,517	\$ -
Plan Members	878,259	-
Transfers/Reimbursements from Other Systems	30,944	-
Commonwealth of Massachusetts - COLA	118,593	-
Private Donations	-	770
Total Contributions	3,234,313	770
Investment Income:		
Interest & Dividends	1,167,426	4,758
Net Change in Fair Value of Investments	4,517,962	-
Total Investment Earnings	5,685,388	4,758
Less Investment Expense	(194,843)	-
Net Investment Earnings	5,490,545	4,758
Total Additions	8,724,858	5,528
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	3,611,632	-
Refunds to Members	165,310	-
Transfers to Other Systems	113,644	-
Educational Scholarships	-	5,960
General Expenses	81,747	44
Total Deductions	3,972,333	6,004
Change in Net Assets	4,752,525	(476)
Net Assets at Beginning of Year	31,885,729	277,238
Net Assets at End of Year	\$ 36,638,254	\$ 276,762

The Notes to the Financial Statements are an integral part of this Statement.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of North Adams, Massachusetts was created under the laws of the State of Massachusetts in 1895. The City operates under an elected Mayor and nine member Council form of government.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete.

Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The following component unit is blended within the primary government in the fiduciary funds:

The North Adams Contributory Retirement System (the System) was established to provide retirement benefits to City employees, and their beneficiaries. The System is governed by a five-member board comprised of two members elected by the System's participants, two member appointed by the governing authority and one member appointed by the other Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 85 Main Street, North Adams, Massachusetts, 01247.

The City is responsible for electing/appointing the governing board and/or committee members of the North Adams Housing Authority, Northern Berkshire Vocational Regional School and Hoosac Water Quality District. These related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond the City electing/appointing the board and/or committee members and not does not have oversight responsibility. Audited financial statements are available from the respective organization. A description of the related organizations are as follows:

North Adams Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income elderly, handicap and families. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The City has no significant influence over management, budget or policies of the authority.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Northern Berkshire Vocational Regional School District - A regional school district made up of seven communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The City elects four district committee members and appoints one member from the City's school committee for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the City.

Hoosac Water Quality District - A regional district for the purpose of building, maintaining and operating a system of sewerage collection and disposal system for the City of North Adams, Town of Williamstown and Town of Clarksburg. The District is administered by the District Commission, which is composed of four members, two of which are appointed by the North Adams City Council. The district is responsible for the operating and capital costs related to the district and operates independently from the City.

The accompanying basic financial statements of the City of North Adams, Massachusetts (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant City accounting policies are described herein.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Major Fund Criteria:

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds or total enterprise funds),

and,

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for both governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *sale of land fund* is a special revenue fund used to account for the proceeds from the sale of land owned by the City.

The nonmajor governmental fund consists of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these funds types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The government reports the following proprietary fund:

The *internal service fund* is used to account for the activity in the health insurance fund.

Additionally, the government reports the following fund types:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs.

The *North Adams Employees Retirement System Pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

The *agency fund* is used to account for assets held in a purely custodial capacity.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are employer and employee contributions and stop-loss insurance proceeds. Operating expenses for the internal service fund include the cost of health insurance claims, administrative expenses and stop-loss insurance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Investments in the Contributory Retirement System consist of marketable securities, bonds and short-term money market investments.

All investments are carried at market value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2009 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables.

Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The City mailed preliminary tax bills for the fiscal year 2010 on June 30, 2009 that were due on August 3, 2009 and November 2, 2009 and actual bills on January 8, 2010 that were due on February 8, 2010 and May 3, 2010.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a City. The legal levy limit under Proposition 2 1/2 for fiscal year 2010 is \$12,448,891. The total amount raised by taxation was \$11,601,589.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Excise Taxes

Excise taxes consist of motor vehicle excise. Motor vehicle excise taxes are assessed annually for each vehicle registered in the City, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair market value of the vehicle multiplied by the \$25 per \$1,000 of valuation.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

User Charges

User charges primarily consist of water and landfill. The water usage is billed monthly for commercial accounts and billed quarterly for residential accounts. The bills are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water liens are processed each year and are included as a lien on the property owner's tax bill. The landfill usage fee is for commercial haulers disposal of solid waste at the transfer station. Water charges and landfill fees are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Departmental

Departmental receivables consist primarily of parking tickets, rents, trash bags for outside vendors, police outside duty and other miscellaneous departmental billings.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Loans

The Community Development Block Grant office administers loan programs that provide housing assistance to residents of the City and commercial loans to businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value.

All purchase of equipment in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and improvements	10-40
Machinery, equipment and vehicles	3-15
Infrastructure	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

CITY OF NORTH ADAMS, MASSACHUSETTS
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In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Assets and Fund Equity

Net assets are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Loans" represents community development outstanding loan receivable balances.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balances represent tentative management plans that are subject to change. Fund balances have been "reserved for" the following:

"Encumbrances and continuing appropriations" represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

"Designated for subsequent years' expenditures" represents the amount of fund balance appropriated to be used for expenditures in the subsequent year's budget. The City includes the following in the reserve:

General Fund:	
Appropriation - Reserve Fund	\$ <u>90,000</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
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K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide statement of net assets.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The City grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The Liability for compensated absences is reported in the government-wide statements.

M. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the City's General Fund. Although legislative approval is required for the acceptance of grants, capital projects and borrowing authorizations, annual budgets are not prepared for any other fund; therefore comparison of budget to actual is only presented for the General Fund.

The City must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non property tax revenues estimated to be received, including available funds. Supplemental appropriations may be made from available funds after the setting of the tax rate. Appropriations may be transferred between departments with City Council approval.

The City follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1st to the City Council.

CITY OF NORTH ADAMS, MASSACHUSETTS
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The budget is legally enacted by vote of the City Council prior to the end of the fiscal year.

Throughout the fiscal year any available funds may be appropriated by City Council vote.

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2010, the City incurred a final budget deficit of \$1,256,309 for the General Fund.

The City voted from the following sources to fund the deficit budget during the fiscal year:

Free Cash	\$ 310,049
Overlay Surplus	287,681
Prior year's encumbrances	658,579
	<u>\$ 1,256,309</u>

B. Excess of Expenditures over Appropriations

For fiscal year ended June 30, 2010, actual expenditure exceeded appropriations for health insurance premiums paid to the Medical Insurance Trust fund in the amount of approximately \$680,000. The City has special legislation to provide for/fund this deficit. See Note 4 G.

C. Deficit Fund Equity

The following funds had a deficit at June 30, 2010 as measured by the balances of unreserved fund balance.

- The capital projects fund has a deficit of \$3,193,254. The deficit will be eliminated upon the issuance of permanent debt and the receipt of grants.

CITY OF NORTH ADAMS, MASSACHUSETTS
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3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2010 were \$8,662,305. Of these, \$756,134 were exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2010, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. Governmental agencies	117,164	41,337	75,827	-
Money market mutual fund	26,114	26,114	-	-
	143,278	67,451	75,827	-
Other Investments:				
Equity securities - domestic	140,046			
Equity Mutual Funds	18,658			
	<u>\$ 301,982</u>			

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$301,982 in investments, the government has a custodial credit risk exposure of \$301,982 because the

CITY OF NORTH ADAMS, MASSACHUSETTS
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related securities are uninsured, unregistered and held by the City's brokerage firm, which is also the Counterparty to these securities. The City has no policy on custodial credit risk.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's exposure to credit risk as of June 30, 2010 is as follows:

Related Debt Instruments	Moody's Quality Ratings		
	Fair Value	Aaa	Not Rated
Debt Securities:			
U. S. government agencies	\$ 117,164	\$ 117,164	
Money market mutual fund	26,114		26,114
	<u>\$ 143,278</u>	<u>\$ 117,164</u>	<u>\$ 26,114</u>

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the Town's investments are Federal Farm Credit Bank and Federal Home Loan Bank amounting to 8.37% and 30.43%, respectively, of the City's total investments.

B. Receivables

At June 30, 2010, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 367,679	\$ (27,090)	\$ 340,589
Tax liens	1,130,638	-	1,130,638
Tax Foreclosures	656,303	-	656,303
Excise taxes	241,037	(72,000)	169,037
User Charges	377,106	-	377,106
Departmental	87,276	-	87,276
Loans	2,823,554	(20,758)	2,802,796
Due from other governments	4,321,166	-	4,321,166
	<u>\$ 10,004,759</u>	<u>\$ (119,848)</u>	<u>\$ 9,884,911</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
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At June 30, 2010, receivables for the proprietary funds - internal service fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Internal Service Fund:			
Stop-Loss Health Insurance Claims	\$ 156,149	\$ -	\$ 156,149

The composition of amounts due from other governments as of June 30, 2010 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts -

Department of Revenue:

Veterans, Blind and Surviving Spouse Exemption Reimbursement \$ 34,813

Department of Veteran Services:

Veterans Benefits 243,174

Massachusetts School Building Authority:

School Building Assistance 1,801,293 \$ 2,079,280

Nonmajor Governmental Funds:

U. S. Department of Agriculture -

School lunch 42,708

U. S. Department of Education -

School title grants 15,895

U. S. Department of Homeland Security -

Assistance to Firefighters Grant 136,965

Western Region Homeland Security Advisory Council 5,817

U. S. Department of Housing & Urban Development -

Community Development Block Grant 238,578

U. S. Department of Justice -

Public Safety Grants 19,285

U. S. Department of Labor -

Summer Youth Work Program 2,413

U. S. Department of Transportation -

Airport Grants 770,808

U. S. Environmental Protection Agency -

Brownfields Grant 3,202

Northern Berkshire District Attorney -

Seizures 1,134

Commonwealth of Massachusetts -

Massachusetts Department of Elementary & Secondary Education:

School lunch 1,863

School Grants 7,507

Executive Office of Public Safety and Homeland Security:

Emergency 911 grant 264,962

Department of Transportation:

Airport Grants 51,397

Massachusetts Cultural Council:

Creative Schools - Kidspace Program 3,689

Massachusetts Highway Department:

Chapter 90 highway funds 675,663 2,241,886

\$ 4,321,166

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2010 receivable balances, except real and personal property taxes that are accrued for subsequent 60 day collections. The amount accrued for 60-day receipts for property taxes is \$51,200.

Deferred revenue reported in the governmental funds were as follows:

General Fund:			
Property Taxes		\$	289,389
Tax Liens	\$ 1,130,638		
Excise Taxes	169,037		
User Charges	377,106		
Departmental	39,765		
Tax Foreclosures	656,303		
Due from other governments	2,005,817		4,378,666
Nonmajor Governmental Funds:			
Loans	2,802,796		
Departmental	21,411		
Due from other governments	658,712		3,482,919
		\$	<u>8,150,974</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 18,178,983	\$ -	\$ -	\$ 18,178,983
Construction in progress	4,683,580	2,393,223	(54,798)	7,022,005
Total capital assets not being depreciated	22,862,563	2,393,223	(54,798)	25,200,988
Capital assets being depreciated:				
Buildings and improvements	60,223,970	115,269	-	60,339,239
Machinery, equipment and vehicles	6,287,384	667,320	-	6,954,704
Infrastructure	37,780,336	588,306	-	38,368,642
Total capital assets being depreciated	104,291,690	1,370,895	-	105,662,585
Less accumulated depreciation for:				
Buildings	23,970,540	1,860,586	-	25,831,126
Machinery, equipment and other	4,523,518	460,733	-	4,984,251
Infrastructure	20,414,230	1,233,717	-	21,647,947
Total accumulated depreciation	48,908,288	3,555,036	-	52,463,324
Total capital assets being depreciated, net	55,383,402	(2,184,141)	-	53,199,261
Total governmental activities capital assets, net	\$ 78,245,965	\$ 209,082	\$ (54,798)	\$ 78,400,249

CITY OF NORTH ADAMS, MASSACHUSETTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 258,584
Public safety	202,332
Public works	1,950,959
Education	878,564
Culture and recreation	264,597
Total depreciation expense - governmental activities	<u>\$ 3,555,036</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General fund	\$ -	\$ 350,318	\$ 350,318
Sale of Land	1,100,000	-	1,100,000
Nonmajor governmental funds	598,325	-	598,325
Total transfers out	<u>\$ 1,698,325</u>	<u>\$ 350,318</u>	<u>2,048,643</u>

E. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the City is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2010
Bond anticipation note:						
Municipal Purpose	2.38%	7/10/2009	\$ 1,016,666	\$ -	\$ 1,016,666	\$ -
Municipal Purpose	2.47%	8/13/2009	325,000		325,000	-
Municipal Purpose	1.52%	6/25/2010	2,564,000		2,564,000	-
Municipal Purpose	1.72%	7/9/2010	-	833,332		833,332
Municipal Purpose	1.20%	6/24/2011	-	2,518,333		2,518,333
			<u>\$ 3,905,666</u>	<u>\$ 3,351,665</u>	<u>\$ 3,905,666</u>	<u>\$ 3,351,665</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
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F. Long Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2010
General Obligation Bonds:					
Inside Debt Limit:					
Streets and Sidewalks	4.10-6.50%	03/01/99	09/01/18	2,125,000	\$ 1,100,000
Greylock and Sullivan Roof	4.50-6.00%	12/01/07	09/15/07	673,000	530,000
Outside Debt Limit:					
Drury High School	4.50-5.00%	09/15/06	09/25/11	615,000	250,000
Inflow/Outflow Infiltration (1)	2.00%	02/01/06	08/01/23	360,907	299,460
Brayton Elementary School	4.30-6.25%	03/01/93	03/01/13	12,192,000	1,800,000
Landfill Closing (1)	1.73%	11/01/98	08/01/18	2,253,000	1,124,900
Water	4.00-5.00%	07/01/07	07/01/18	6,115,000	5,595,000
Water Infiltration (1)	2.70%	02/01/02	02/01/17	495,789	205,216
Total Bonds Payable					<u>10,904,576</u>
MASS MoCA - Section 108 HUD (2)	4.48%	08/07/03	08/01/22	3,774,000	<u>2,724,000</u>
Total Governmental Type Debt					<u>\$ 13,628,576</u>

(1) Bonds were issued through Massachusetts Water Pollution Abatement Trust - Portion of Principal and Interest subsidized by Trust

(2) Bonds were issued through U.S. Department of Housing and Urban Development. Principal and Interest are reimbursed by a loan receivable from Massachusetts Museum of Contemporary Art, Inc.

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt and intergovernmental loan outstanding as of June 30, 2010 are as follows:

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Governmental Type Activities

Year	Principal	Interest	Total
2011	\$ 1,786,311	\$ 642,462	\$ 2,428,773
2012	1,826,154	549,491	2,375,645
2013	1,660,676	531,340	2,192,016
2014	1,144,052	389,088	1,533,140
2015	1,186,321	335,901	1,522,222
2016-2020	5,297,584	764,161	6,061,745
2021-2024	727,478	49,663	777,141
	<u>\$ 13,628,576</u>	<u>\$ 3,262,106</u>	<u>\$ 16,890,682</u>

The City is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$ \$345,613 and interest costs of \$301,709 for three loans which the City has borrowed from MWPAT. The gross amount outstanding at June 30, 2010 for principal and interest combined for the three loans is \$2,084,900. The net repayments, including interest, are scheduled to be \$1,437,578. The principal subsidies are guaranteed and therefore a \$345,613 intergovernmental receivable has been reported in the government-wide financial statements. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2010 principal and interest subsidies totaled \$41,077 and \$48,661, respectively.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2010 approximately \$659,939 of such assistance was received. Approximately \$1,979,817 will be received in future fiscal years. Of this amount, approximately \$178,524 represents reimbursement of long-term interest costs, and approximately \$1,801,293 represents reimbursement of approved construction costs. Accordingly, \$1,801,293 intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements

At June 30, 2010 the City carried \$2,724,000 of debt, issued in prior fiscal years, under the United States Department of Housing and Urban Development (HUD) section 108 Loan Guarantee Program. The purpose of the program is to enable local governments to provide financing to urban renewal projects operated by either the government or third party developers. Debt issued under this program is secured by future entitlement allocations to the City under HUD's community Development Block Grant (CDBG) program. The loan proceeds from this program was used for the MASS MoCA project. Debt outstanding at the fiscal year-end is reported as intergovernmental loan payable on the Statement of Net Assets. Additionally, a receivable from the Massachusetts Museum of Contemporary Art, Inc. has been set up on the City's financial statements of which the proceeds are used to pay this loan obligation. Amounts received on the receivable and payments made on the loan are reported in the Community Development program income fund.

CITY OF NORTH ADAMS, MASSACHUSETTS
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A summary of the changes in governmental activities long term debt during the year is as follows:

	Balance			Balance	Amounts Due
	June 30, 2009	Additions	Reductions	June 30, 2010	within One
					Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 12,456,225	\$ -	\$ 1,551,649	\$ 10,904,576	\$ 1,576,311
Intergovernmental loan - section 108	2,934,000	-	210,000	2,724,000	210,000
Compensated absences	649,405	22,676	-	672,081	373,523
OPEB obligation	3,498,944	3,423,383	-	6,922,327	-
Governmental activity					
Long-term liabilities	<u>\$ 19,538,574</u>	<u>\$ 3,446,059</u>	<u>\$ 1,761,649</u>	<u>\$ 21,222,984</u>	<u>\$ 2,159,834</u>

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws, a City may authorize indebtedness up to a limit of 5 percent of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2010, totaled \$1,630,000.

In addition, the City is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The City's outside debt at June 30, 2010, totaled \$11,998,576.

The following is a computation of the legal debt limit as of June 30, 2010:

Equalized Valuation-Real Estate and Personal Property (2008)		<u>\$ 783,661,400</u>
Debt Limit: 5 % of Equalized value		\$ 39,183,070
Total Debt Outstanding:		
Governmental Activity Debt	\$ 13,628,576	
Less: Debt Outside Debt Limit	<u>(11,998,576)</u>	<u>1,630,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2010		<u>\$ 37,553,070</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts, a City must authorize debt at a City Council meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or City Council votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2010 and are not reflected in the City's financial statements are as follows:

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Description	Date of Council meeting	Amount
Library	7/12/1989	\$ 40,000
Streets and Sidewalks	12/1/1997	5,000
DHS Renovation	12/1/2002	1,385,000
Purchase of Equipment	12/12/2002	250,000
Streets and Sidewalks	6/8/2004	275,000
Elementary School	6/12/1990	625
Streets and Sidewalks	5/8/2004	60,300
Inflow and Infiltration Evaluation	5/14/1996	4,211
Inflow and Infiltration Evaluation	6/26/2002	34,502
Library	6/14/2005	150,000
Airport Easements	3/15/2006	820,000
Streets and Sidewalks	6/28/2006	315,000
Feasibility Study	10/28/2009	680,000
		<u>\$ 4,019,638</u>

Overlapping Debt

The City pays assessments which includes debt service payments to other local governmental units providing services within the City's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the City and the total of its share of estimated indirect debt.

	Long Term Debt Outstanding	City's Estimated Share	City's Estimated Indirect Debt
Northern Berkshire Vocational Tech School District	\$ 787,500	35%	\$ 272,475
Hoosac Water Quality District	6,732,363	55%	3,702,800
			<u>\$ 3,975,275</u>

G. Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the City may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The stabilization fund may be appropriated in a City by the City Council for any lawful purpose. At June 30, 2010, \$313,360 has been set aside in a

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stabilization fund, which is classified as a non-major fund in the governmental funds financial statements.

4. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City has a stop loss plan for employee health insurance. The City's proprietary fund is liable for medical claims incurred up to a maximum of \$75,000 per individual. The City purchases individual excess health reinsurance for claims in excess of the maximum liability limit.

The City currently reports all of its risk management activities in its proprietary fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the loss can be reasonably estimated.

Changes in the reported liability since June 30, 2009 resulted from the following:

	Healthcare claims
Liability at beginning of fiscal year	\$ 169,688
Claims incurred for current fiscal year and changes in provisions for prior year	5,119,665
Claims paid for current fiscal year	(4,964,941)
Liability at ending of fiscal year	<u>\$ 324,412</u>

At June 30, 2010, proprietary fund balance was held for purposes of funding the City's future claims liabilities in the amount of \$688,116.

B. City Council Votes - Fiscal Year 2011

The City of North Adams City Council votes a budget for the next fiscal year at a City Council meeting before the end of the fiscal year. The financial statements for June 30, 2010 do not reflect the fiscal year 2011 City Council action, with the exception of Unreserved Fund Balance-Designated for Subsequent Years' Expenditures. The City Council meeting on June 22, 2010 authorized a fiscal year 2011 operating and capital budget as follows:

CITY OF NORTH ADAMS, MASSACHUSETTS
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Budget:

Raise and Appropriate (Taxation and Estimated Revenue)	\$ 35,930,626
2010 Appropriations - Reserve Fund	90,000
	<u>\$ 36,020,626</u>

C. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010. The outcome of lawsuits is not expected to materially affect the financial condition of the City.

Federal Financial Assistance

The City receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the City.

The outcome of any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the City.

D. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that the City of North Adams place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. The landfill ceased operations in November 1992 based upon 100% usage (filled) and has since been capped. Substantially all of the costs for closure have been paid as of June 30, 2001. Post-closure care is to be substantially performed by City employees in the normal course of their duties. Any additional or marginal costs for post-closure care have not been determined; however, such costs are expected to be immaterial, and accordingly, no accrual has been provided for post-closure care costs as of the beginning or ending of the Fiscal Year. The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, changes in estimates, or changes in landfill regulations.

E. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The City adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010, and thus

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the City's future cash flows.

Plan Description

-The City provides a variety of plans offered by Blue Cross Blue Shield of Massachusetts.

-An employee classified as Group 1 shall become eligible to retire either age 55 with 10 years of service or any age with 20 years of service. An employee classified as Group 4 shall become eligible to retire either age 45 with 10 years of service or any age with 20 years of service.

-The City covers 70% of the health insurance premiums and 60% of life insurance premiums.

-The City's teachers upon retirement participate in the Commonwealth Group Insurance Commission (GIC).

The number of participants as of July 1, 2008, the effective date of the OPEB valuation, follows:

Active members	318
Retirees	396
Total	<u>714</u>

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2010 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$3,092,084.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the City's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the plan:

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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Annual OPEB cost (expense)	6,540,365
Contributions made during the fiscal year	3,092,084
Increase in net OPEB obligation	3,448,281
Net OPEB Obligation - beginning of year	3,498,944
Net OPEB Obligation - end of year	<u>\$ 6,947,225</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2010 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	n/a	n/a	n/a
06/30/09	\$ 6,218,205	43.73%	\$ 3,498,944
06/30/10	6,540,365	47.28%	6,947,225

Funded Status and Funding Process

As of June 30, 2008, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$94,807,615, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$94,807,615. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to the covered payroll was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

The City initial OPEB actuarial valuation as of June 30, 2008, used the projected unit credit method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.75%, pay-as-you-go scenario for the investment rate of return, a 3.5% inflation rate and a trend rate of 10% for the current fiscal year decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2010 is 28 years.

F. Pension Plan

Plan Description

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the North Adams Contributory Retirement Board. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers' Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,124,675 for the fiscal year ending June 30, 2010, and, accordingly, are reported in the general fund as intergovernmental revenues and employee benefit expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987, and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the North Adams Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 85 Main Street, North Adams, Massachusetts 01247.

At December 31, 2009, the System's membership consists of the following:

Active Members	353
Inactive Members	78
Retired Members, Beneficiaries and Survivors	207
	<u>638</u>

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the employers required the City to contribute 98% of the total. Chapter 32B of the Massachusetts General Laws governs the contributions of plan members and the City.

The City's contribution to the System for the fiscal years ended June 30, 2010, 2009 and 2008 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	City's Contribution
2010	\$ 1,965,049
2009	1,881,242
2008	1,765,242

The following schedules are presented in accordance with the GASB No. 25.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Vale of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2009	\$ 38,262,875	\$ 56,836,816	\$ 18,573,941	67.3%	\$ 9,877,348	188.0%
1/1/2007	35,448,787	52,841,995	17,393,208	67.1%	9,347,575	186.1%
1/1/2005	33,097,932	49,323,487	16,225,555	67.1%	8,079,527	200.8%

The required information presented above was determined as part of the actuarial valuations at the dates indicated. The last actuarial valuation was prepared by the Public Employee Retirement Administration Commission as of January 1, 2009. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0 % a year compounded annually, (b) projected salary, including longevity, increases of 4.75%, 5.00% and 5.25% for groups 1, 2 and 4 respectively, a year per member.

The total unfunded actuarial liability applicable to the City's employees at January 1, 2009 is as follows:

Actives	\$ 24,394,488
Retirees and inactives	32,442,328
Total actuarial liability	\$ 56,836,816
Assets	38,262,875
Unfunded acturial liability	\$ 18,573,941

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides for funding of the Commonwealth's current unfunded pension liability over a period not greater

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

than forty years. In addition, Chapter 697 contained significant financial incentives for local governmental units to establish its own state-approved funding schedule to eliminate its unfunded liability by June 30, 2028. The North Adams Retirement System accepted the provisions of Chapter 32, Section 22 (D), regarding acceptance of a funding schedule.

Reporting Policies

The funds of the North Adams Employees Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

G. Financial Condition of the City

In fiscal year 2010 the City sought special legislation from the Commonwealth of Massachusetts relative to the financial condition of the City's Medical Insurance Trust fund. The special act granted the City to borrow an amount not more than \$880,000 for the purpose of fully funding the Medical Insurance Trust for fiscal year 2010 and funding a settlement with the Public Employee Committee for underfunding the trust in prior fiscal years. The special act also provides for an alternative to borrowing and has a provision to capitalize an amount not exceeding \$880,000 and amortize that amount in equal or decreasing annual installments over a period starting with fiscal year 2012 and not exceeding 7 years.

As of June 30, 2010, the City has not borrowed any amount under this special act. The City has funded the trust for fiscal year 2010 and has not provided for an amount of \$680,000, thus causing an appropriation deficit in the General Fund.

5. RESTATEMENTS

The City has restated the beginning net assets in the governmental activities and beginning fund balance in the governmental funds. The detail of the adjustments is as follows:

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Restatement of the Governmental Fund Balances:

	General Fund	Sale of Land	Non-Major Funds	Total
Total Beginning Fund Balance	\$ 1,187,584	\$ 2,780,672	\$ (1,876,349)	\$ 2,091,907
<i>Adjustments add/(less):</i>				
Vacation Accrual	379,651	-	-	379,651
Accruals for Revenue Recognition for Grants	-	-	771,630	771,630
Reclassify to Non-Major	-	(453,326)	453,326	-
Reclassify from Agency Funds	-	-	14,463	14,463
	<u>\$ 1,567,235</u>	<u>\$ 2,327,346</u>	<u>\$ (636,930)</u>	<u>\$ 3,257,651</u>

Restatement of the Governmental Net Assets:

	Governmental Activities
Total Beginning Net Assets	\$ 72,723,058
<i>Adjustments add/(less):</i>	
Recognition of OPEB obligation	(3,498,944)
Revenue Recognition for Deferred Revenue and Debt Subsidies	1,316,161
Governmental Fund Balance Restatements for Revenue Recognition and Reclassifications	786,093
	<u>71,326,368</u>

SUPPLEMENTARY SCHEDULES

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Fund Balances		Revenues		Expenditures	Other Financing Sources (Uses)	Fund Balances
	July 1, 2009						June 30, 2010
Special Revenue:							
Federal and State Grants:							
School Grants	\$ 106,558	\$	3,572,158	\$	3,518,850	\$ (136)	\$ 159,730
Airport Grants	110,392		1,426,458		1,526,498	-	10,352
Arts Lottery Council Grant	81,809		46,042		71,079	-	56,772
Community Development Grants	140,256		1,468,542		1,458,144	83,715	234,369
Elderly Programs and Grants	849		23,184		22,785	-	1,248
Energy American Recovery and Reinvestment Act	-		150,000		-	-	150,000
Extended Polling Hours	8,528		24,161		11,302	-	21,387
Federal Land and Water Conservation Fund	3,453		-		-	-	3,453
Highway Grants	32,300		254,421		254,421	-	32,300
Library Grants	72,429		23,700		26,657	-	69,472
Other Grants and Programs	37,716		12,300		12,240	-	37,776
Public Safety Grants	23,128		692,741		752,407	-	(36,538)
Schools:							
School Lunch Revolving	168,349		637,429		629,868	-	175,910
School Lunch Commodities	-		43,678		43,678	-	-
School Choice	428,870		236,417		-	-	665,287
School Insurance Reimbursement	2,292		3,028		3,028	-	2,292
School Revolving Accounts	150,798		288,573		213,073	(47,000)	179,298
State Special Education Reimbursement Fund	(65,746)		660,171		594,425	-	-
Other:							
Airport Funds	59,502		47,930		53,536	-	53,896
Conservation Commission	18,378		1,450		1,565	-	18,263
Emergency Preparedness	1,600		-		-	-	1,600
Fire Department Fines	700		-		-	-	700
Friends of Massachusetts MOCA	1,039		-		-	-	1,039
Gifts and Donations	229,942		92,183		102,675	(6,250)	213,200
Hardman Park Firepump	36,482		11,477		11,349	-	36,610
Landfill Transfer Station	168,507		112,718		18,400	(215,889)	46,936
Municipal Access	160,983		33,301		-	(89,200)	105,084
Parking Meters and Permits	121,836		61,294		-	(136,100)	47,030
Police Outside Details	-		178,727		178,647	-	80
Property Damages	71,924		15,271		16,209	-	70,986
Sale of Cemetery Lots	47,615		9,830		-	(52,000)	5,445
The Armory	43,894		-		-	-	43,894
Town of Adams Sewer Program	27,473		21,103		27,176	-	21,400
	\$ 2,291,856	\$	10,148,287	\$	9,548,012	\$ (462,860)	\$ 2,429,271

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Fund Balances July 1, 2009	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2010
Continued from Page 52					
Special Revenue (continued):	\$ 2,291,856	\$ 10,148,287	\$ 9,548,012	\$ (462,860)	\$ 2,429,271
Other (continued):					
Windsor Mill Rents	26,444	124,924	110,903	-	40,465
Colonel Lawrence	1,738	28	-	-	1,766
Library Building Fund	5,217	6,147	10,337	-	1,027
Mott 2005/2006 (Mohawk Theatre)	8,102	332	3,483	-	4,951
Skating Rink	259,351	279,169	226,135	(25,000)	287,385
Stabilization Fund	2,955	356	-	310,049	313,360
Total Special Revenue	\$ 2,595,663	\$ 10,559,243	\$ 9,898,870	\$ (177,811)	\$ 3,078,225
Capital Projects:					
Alcombright and Greylock Athletic Fields	(521,471)	-	-	183,334	(338,137)
Skating Rink	(430,870)	-	-	-	(430,870)
Underground Tanks	2,349	-	-	-	2,349
Library Renovation	(466,666)	-	-	-	(466,666)
Education Reserve	1,348	-	-	-	1,348
Greylock School Roof	150,000	-	-	-	150,000
Sullivan School Roof	(150,000)	-	-	-	(150,000)
Water Treatment Facility	15,648	-	-	-	15,648
New Equipment	(795,410)	-	117,422	166,667	(746,165)
Reconstruction of Streets and Sidewalks	(1,043,160)	-	-	325,000	(718,160)
Notre Dame Roof	12,196	-	-	(12,196)	-
Mohawk Theatre	(420,491)	-	92,110	-	(512,601)
Total Capital Projects	(3,646,527)	-	209,532	662,805	(3,193,254)
Perpetual Permanent Funds:					
Cemeteries	387,323	37,741	12,426	(58,000)	354,638
Tinker Trust Fund	26,611	4,000	-	-	30,611
Total Perpetual Permanent Funds	413,934	41,741	12,426	(58,000)	385,249
Total - Non-Major Governmental Funds	\$ (636,930)	\$ 10,600,984	\$ 10,120,828	\$ 426,994	\$ 270,220

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND TAXES IN LITIGATION
JULY 1, 2009 TO JUNE 30, 2010

	Uncollected Taxes July 1, 2009	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2010	Uncollected Taxes Per Detail June 30, 2010
Real Estate Taxes:						
Levy of 2010	\$ -	\$ 10,671,800	\$ 278,960	\$ 10,069,334	\$ 323,506	\$ 323,506
Levy of 2009	311,826	-	91,957	218,032	1,837	1,837
Levy of 2008	6,405	-	19,984	(13,624)	45	45
Levy of 2007	45	-	-	-	45	45
Levy of 2006	3,019	-	-	-	3,019	3,019
Prior Years	1,887	-	-	-	1,887	1,887
	<u>323,182</u>	<u>10,671,800</u>	<u>390,901</u>	<u>10,273,742</u>	<u>330,339</u>	<u>330,339</u>

Personal Property Taxes:

Levy of 2010	-	927,246	1,660	908,414	17,172	17,172
Levy of 2009	12,289	-	-	4,609	7,680	7,680
Levy of 2008	7,472	-	-	537	6,935	6,935
Levy of 2007	101	-	-	54	47	47
	<u>19,862</u>	<u>927,246</u>	<u>1,660</u>	<u>913,614</u>	<u>31,834</u>	<u>31,834</u>

Taxes in Litigation

	119,994	-	-	114,488	5,506	5,506
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**Total Real Estate and Personal Property
Taxes and Taxes in Litigation**

	<u>\$ 463,038</u>	<u>\$ 11,599,046</u>	<u>\$ 392,561</u>	<u>\$ 11,301,844</u>	<u>\$ 367,679</u>	<u>\$ 367,679</u>
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CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2009 TO JUNE 30, 2010

	Uncollected Taxes July 1, 2009	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2010	Uncollected Taxes Per Detail June 30, 2010
Motor Vehicle Excise Taxes:						
Levy of 2010	\$ -	\$ 851,064	\$ 25,732	\$ 719,181	\$ 106,151	\$ 106,151
Levy of 2009	78,912	139,307	20,255	165,440	32,524	32,524
Levy of 2008	29,609	429	1,708	14,295	14,035	14,035
Levy of 2007	13,205	51	553	3,690	9,013	9,013
Levy of 2006	13,388	-	76	2,504	10,808	10,808
Prior Years	72,316	-	232	3,578	68,506	68,506
Total Motor Vehicle Excise Taxes	\$ 207,430	\$ 990,851	\$ 48,556	\$ 908,688	\$ 241,037	\$ 241,037

**CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2009 TO JUNE 30, 2010**

	Uncollected Accounts July 1, 2009	Commitments	Abatements and Adjustments	Adjusted Accounts Overpayments	Uncollected Accounts June 30, 2010	Uncollected Accounts Per Detail June 30, 2010
Tax Liens	\$ 1,118,504	\$ 257,320	\$ 77,231	\$ 167,955	\$ 1,130,638	\$ 1,130,638